

Message Text

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EXDIS TOSEC 99

FOLLOWING SENT ACTION SECSTATE, INFO BONN, LONDON, PARIS,
EC BRUSSELS, NATO, JUNE 12, FROM ROME RPTD TO YOU:

QUOTE CONFIDENTIAL ROME 8100

EXDIS

E.O. 11652: GDS

TAGS: PINT, IT

SUBJECT: ITALIAN POLITICAL CRISIS

DEPARTMENT PASS TO SECRETARY-ALSO FOR AMB. VOLPE AND TREASURY

REF: A: ROME 7250 NOTAL; B: ROME 7733 NOTAL; C: ROME 8075 NOTAL

1. THERE IS INCREASING EVIDENCE THAT ITALIANS REALIZE THAT PRESENT
CRISIS IS IN SEVERAL RESPECTS DIFFERENT AND MORE SERIOUS THAN
ROUTINE AND CUSTOMARY CHANGES OF GOVERNMENT. THE PRESS AND
PUBLIC SEEM TO SENSE THAT THE DIVISIONS AND RE-DIVISIONS OF
MINISTRIES AND PATRONAGE AMONG THE FAMILIAR NAMES WITHIN THE
FIVE PARTIES WHICH HAVE MONOPOLIZED GOVERNMENT IN ITALY FOR OVER
TWENTY YEARS SHOULD NOT CONTINUE. A MAJOR FACTOR IN THE
INCREASED APPREHENSION WHICH WE SENSE IS THE DENIAL TO THE
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POLITICAL CLASS OF ITS NORMAL PROCLIVITY TO TEMPORIZE.

THE ECONOMIC SITUATION IS SO GRAVE THAT POLICY DECISIONS WILL NOT WAIT.

2. AT THE SAME TIME, FRUSTRATION IS GROWING AMONG OUR FRIENDS IN THE POLITICAL CLASS; FRUSTRATION BECAUSE OF AN INABILITY TO MAKE THE COMPLEX STRUCTURE OF ITALIAN POLITICS WORK IN A DECISIVE AND EVEN MODERATELY EFFICIENT MANNER. THESE FRUSTRATIONS ARE ACCOMPANIED BY AN EROSION OF CONFIDENCE IN THE OBJECTIVE EXTERNAL FACTORS ON WHICH OUR ITALIAN FRIENDS HAVE COME TO RELY. THE LATENT FEELINGS OF INFERIORITY OF THE ITALIANS VIS-A-VIS THEIR STRONGER WESTERN ALLIES AND NEIGHBORS IS ACCENTUATED BY THE FEELING THAT THE ITALIANS' INABILITY TO COPE MUST SURELY BE EVIDENT TO THEIR FRIENDS IN THIS PRESENT CRISIS. THIS FRUSTRATION COULD LEAD TO EITHER PARALYSIS OR A RADICAL SOLUTION INVOLVING, POSSIBLY, SOME ACCEPTANCE OF THE COMMUNISTS IN THE AREA OF GOVERNMENT.

3. WE RECOGNIZE THE NEED AT THIS TIME FOR THAT OFFICIAL U.S. ENCOURAGEMENT WHICH THE ITALIANS NEED AND TO WHICH THEY HAVE RESPONDED SO WELL IN THE PAST. OUR CONVERSATIONS WITH BERNABEI (DIRECTOR OF RAI TV) AND BARTOLOMEI (LEADER OF THE SENATE CHRISTIAN DEMOCRATIC GROUP) REPORTED REFTEL A AND WITH MORLINO (DC MOROTEO) YESTERDAY, REFTEL C, UNDERLINED THIS ASPECT OF ITALIAN POLITICAL PSYCHOLOGY. MORLINO SORROWFULLY NOTED THAT THE CURRENT CRISIS MIGHT HAVE BEEN AVOIDED IF ITALY'S AMERICAN FRIENDS HAD COME OUT WITH A STATEMENT OF ENCOURAGEMENT AND CONFIDENCE IN ITALIAN CAPABILITY TO CONFRONT CURRENT ECONOMIC AND POLITICAL PROBLEMS. WE HAVE CONSISTENTLY POINTED OUT THAT ITALY MUST GENERATE ITS OWN SALVATION BY ESTABLISHING A GOVERNMENT WHICH CAN ADMINISTER AN ECONOMIC STABILIZATION PROGRAM. ONLY THEN CAN ITALY'S FRIENDS CONSIDER WHAT HELP MIGHT BE POSSIBLE.

4. WE BELIEVE IT IS URGENT AND NECESSARY FOR US TO PROVIDE SOME PSYCHOLOGICAL SUPPORT, AND WE BELIEVE THE CURRENT C-20 MEETING IN WASHINGTON MAY PROVIDE A UNIQUE OPPORTUNITY FOR US TO DO SO. WITHOUT OVER-DRAMATIZING THE SITUATION OR SEEMING TO INTERFERE IN ITALIAN DOMESTIC POLITICAL PROCEDURES, THE U.S. AND THE OTHER C-20 COUNTRIES COULD EXPRESS CONCERN WITH ITALY'S ECONOMIC DIFFICULTIES AND GOVERNMENTAL CRISIS, NOTING THAT CRUCIAL IMPORTANCE OF ITALY. THE WASHINGTON MEETING COULD EXPRESS CONFIDENCE THAT ITALY'S BASIC STRENGTHS AND WISDOM WILL PRODUCE A SOUND AND VIABLE PROGRAM
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TO OVERCOME THE CURRENT DIFFICULTIES. FINALLY, WE COULD INDICATE THAT ITALY'S FRIENDS WOULD GIVE EVERY ATTENTION TO ANY SOUND PACKAGE OF SUPPORTING ACTIONS WHICH ITALY MIGHT INDICATE NECESSARY TO PROVIDE EXTERNAL HELP FOR AN ECONOMIC PROGRAM ELABORATED AND PUT RESOLUTELY INTO EFFECT BY THE ITALIAN GOVERNMENT.

5. WE DO NOT THINK THE SITUATION NEED BE OVERDRAWN AT THIS IMMEDIATE JUNCTURE, BUT IT IS SERIOUS AND

WE BELIEVE SUCH AN INITIATIVE TAKEN IN THE CURRENT MEETINGS WOULD BE MOST HELPFUL. WE URGE EARLY CONSIDERATION OF THIS ACTION. IT WOULD BE EXCELLENTLY TIMED TO ENHANCE THE CHANCES OF PUTTING THE ITALIAN GOVERNMENT BACK TOGETHER IN THE SHORTEST POSSIBLE TIME, AND WE ARE CONFIDENT THAT THE MORALE OF OUR ITALIAN FRIENDS WOULD BE GREATLY IMPROVED BY THIS SUPPORT.

6. ALSO, WE BELIEVE THAT THIS INITIATIVE IS IN THE INTEREST OF THE WORLD ECONOMY IN GENERAL AND U.S. POLITICAL AND ECONOMIC INTERESTS IN PARTICULAR. THE ALTERNATIVE TO A STABILIZATION PROGRAM IS PROBABLY A SEVERE DEPRECIATION OF THE LIRA AND A RECESSION, BOTH OF WHICH WOULD COME AT A TIME WHEN THE INDUSTRIAL NATIONS ARE SEEKING TO AVOID SUCH ACTIONS AT ALL COST. WE ARE CONSCIOUS OF THE FACT ALSO THAT THE POLITICAL CONSEQUENCES OF A SHARP RECESSION COULD BE SEVERE ENOUGH TO IMPAIR ITALY'S ROLE IN THE ALLIANCE, AND POSSIBLY TO SHAKE ITALY'S DEMOCRATIC STRUCTURE. BEAUDRY UNQUOTE. SISCO

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